

**VILLAGE OF MCBRIDE**

**UTILITY USER FEE RATE REVIEW**

**January 2022**



# Village of McBride Utility User Fee Rate Review

January, 2022

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# 1 Executive Summary

## 1.1. Purpose of this report

FIT Local Government Consulting (FIT Consulting) was retained by the Village of McBride (the Village) in December of 2021 to conduct a review of the Village's Fees and Charges Bylaw. In particular, FIT was asked to:

- Review the current fee structure for the water and sewer utilities,
- Conduct a survey of small, similar local governments,
- Determine if the Village was achieving full cost recovery in respect of its water and sanitary sewer fees and charges, and
- Provide recommendations for fee structure and rates.

To conduct this work, FIT Consulting reviewed the materials detailed in Appendix E.

## 1.2. Key Findings

The key findings of the review are summarized as follows:

- **Residential/Non-Residential Fee Ratio:** The current balance between residential and non-residential fees is appropriate and satisfies the 'benefits conferred' and 'cost driver' user fee equity principles. Council has the latitude to vary the current ratios if so desired. The fee ratios have been in place since at least 2014.
- **Fee Sustainability:** The Village's water and sewer user fees are not currently sustainable as they do not fully fund expected capital replacement costs. Water user fees are estimated to be 49.8% sustainable and sewer user fees estimated to be 56.4% sustainable.
- **Fee Survey:** The Village's current sewer and water utility fees were less than the average and median survey results. Many local government respondents indicated that they are not currently funding utility infrastructure replacement via their user fee while the Village is (although not sustainably). This demonstrates that the Village is operating its utilities in an operationally cost-effective manner.
- **Fixed Fee Rate Model:** The current fixed-fee rate model is cost effective, transparent, and fair. The cost to move to a consumption-based (or blended) model will likely exceed the benefits of doing so.

## 1.3. Key Recommendations

The key recommendations of the review can be summarized as follows:

1. Increase the water and sewer user fees to sustainable levels per tables in section 3.1 of this report.
2. Once a sustainable fee level has been established, increase annual reserve contributions indexed to capital construction cost increases.
3. Increase water and sewer connection fees recover full cost.
4. Continue to utilize a fixed-fee rate model for water and sewer utility fees.

## 2 Background

### 2.1. Purpose of this report

FIT Consulting was retained by the Village in December of 2021 to conduct a review of the Village's Fees and Charges Bylaw. In particular, FIT Consulting was asked to:

- Review the current fee structure for the water and sewer utilities,
- Conduct a survey of small, similar local governments,
- Determine if the Village was achieving full cost recovery in respect of its fees and charges, and
- Provide recommendations for fee structure and rates.

To conduct the review, FIT Consulting reviewed the materials detailed in Appendix E.

### 2.2. Legislation background and authority for fees

BC Municipalities have been granted broad authority to establish user fees pursuant to section 194 of the *Community Charter*. Such user fees may be based on any factor specified in the establishing bylaw. There is a general requirement that there be a reasonable connection between the cost of the service and the amount charged, however, costs need not precisely correspond. Accordingly, the Charter requires that the municipality make available to the public, how a fee imposed was determined.

Local governments often levy user fees when there is a direct benefit that is identifiable to a specific user.

### 2.3. Village of McBride User Fee Policy

Section 165 of the *Community Charter* requires that a municipality must set out user fee revenue as well as outline policies and user fee objectives within its annual Financial Plan Bylaw. The Village has established the following policies and objectives in its 2021-2025 Financial Plan Bylaw:

- **Sustainability:** *The Village of McBride is also working towards its water and sewer funds become self-sustaining. This includes paying back the current deficit in the Water Fund.*
- **Rate Review:** *The current utility fees and charges bylaw is for a one-year period as the Village intends to complete a utility rate review in 2021 that will be the basis in setting future year rates.*
- **Asset Management:** *The Village adopted an Asset Management Plan Policy in 2020 which will be applied when determining future water, sewer and solid waste management rates.*

The Village has also established applicable policy principles in its Asset Management Policy as follows:

- *"Value Based: The Village will choose practices that aim to reduce the life cycle cost while satisfying the agreed levels of service..."*

- **Costs:**
  - *The Village will make informed decisions, identifying all revenues and expenses (including operations, maintenance, renewal, replacement, and decommission) associated with asset decisions, including additions and deletions.*
  - *Those decisions must factor in affordability, taking steps to secure grant funding, having funds available to fund the Village’s portions of grant-funded projects; and*
  - *Ensuring reserves are sufficient to address planned and unexpected costs”*

These policies have been used as a guideline for preparing recommendations contained within this report.

## 2.4. Current User Fee Structure

### 2.4.1. User Fee Structure Principles

Municipal user fees are often structured with one or more of the following principles in mind:

#### 1. Benefits Conferred Principle

Using this principle, users are charged based on the volume of service consumed or benefits conferred. For instance, a commercial property may consume more water from a water connection than a residential unit. The Village’s water service and sanitary sewer annual fees are largely based on the benefits conferred principle. Appendix A demonstrates the ratio of various fixed service classifications. In general, the commercial to residential ratio (not including additional charges per fixture) are as follows:

Water Services:

General Service Classification	Ratio
Commercial	1.2 – 4.8
Industrial	6.5 – 13.0
Recreation	7.1

Sanitary Sewer

General Service Classification	Ratio
Commercial	1.1 – 2.1
Industrial	Not Applicable
Recreation	1.2 + fee per fixture

These ratios have remained consistent since at least 2014 (this was the earliest year reviewed by FIT Consulting). In FIT Consulting’s opinion, the current fee ratios fairly distribute utility fees based on the benefits conferred principle. The Village has discretion and latitude to adjust this ratio should Council wish to achieve other objectives (i.e. economic development and/or other).

## 2. Cost Driver Principle

Using this principle, users are charged a fee that is based on the cost of providing the service to the individual ratepayer. Consider the example where a municipality collects residential garbage and disposes of that garbage at a regional facility. The regional facility will often charge a fee based on weight. Therefore, the volume of residential garbage by an individual user is a cost driver.

In the case of the Village's water and sewer utility, costs are generally fixed. In this sense, the volume of water consumed, or volume of sewer disposal does not drive increased operating costs. The Village's current fee structure supports the cost driver principle since it is generally structured as a per service connection fee.

## 3. Ability to Pay

The ability-to-pay principle is most commonly evident in income taxation structure. Income is taxed at high rates for higher income brackets. This principle is partially present in the property taxation system which charges a tax based on assessed value. However, assessed values are not necessarily an indicator of a ratepayer's ability-to-pay.

This principle is less commonly utilized for user fees since there is rarely an income test built into the fee methodology, and it often conflicts with the 'benefits conferred' and 'cost-driver' principles. The Village's current fee structure appears to apply this principle to its industrial customers.

### 2.4.2. Flat vs Consumption

The Village has selected to use a flat fee model and does not currently charge users based on volume of water consumed or sewer discharged except in uncommon circumstances. Fees based on consumption are normally utilized when the 'benefits-conferred' model is preferred. Numerous BC Municipalities use a blended model (fixed charges and consumption fees).

# 3 Discussion and Findings

## 3.1. Cost Recovery Findings

The Village's sewer and water service user fees only recover the cost of current cash flow requirements and not full life cycle costs.

The following costs are not currently being recovered:

- **Overhead:** Costs related to building, general liability insurance, support departments (i.e. Finance and Corporate Administration), vehicles, and other indirect costs that are necessary to provide sanitary sewer and water services.

- Depreciation at replacement cost:** Although the Village is setting aside funds to pay for capital expenditures, the pace is less than what is required for a sustainable utility. Best practice is to save for the replacement of capital assets over the life of those assets. As assets depreciate, the Village’s reserves should grow equitably across all generations of ratepayers. The amount currently being set aside is less than the replacement cost of sewer and water assets divided by their useful life.

**Sustainable Revenue = Annual O&M + Depreciation (at Replacement Cost).**

Table 1: Sanitary Sewer Fee Sustainability Measure

<b>A</b>	<b>2021 Operating &amp; Maintenance Costs</b>	\$78,990
<b>B</b>	<b>Sanitary Sewer Asset Replacement Cost / Average Useful Life<sup>1</sup></b>	251,949
<b>C</b>	<b>Total Estimated Sustainable Annual User Fee Revenue (A+B)</b>	330,939
<b>D</b>	<b>Current Annual Sanitary Sewer User Fee Revenue</b>	186,590
<b>E</b>	<b>Total Estimated Sanitary Sewer User Revenue Sustainability (D/C)</b>	56.4%
<b>F</b>	<b>+ Allocation of Overhead Costs</b>	42,024
<b>G</b>	<b>Total Upper Limit Sewer User Fee Revenue (C+F)</b>	372,963

1: estimated as asset management project is currently underway

Table 2: Water User Fee Sustainability Measure

<b>A</b>	<b>2021 Operating &amp; Maintenance Costs</b>	\$139,959
<b>B</b>	<b>Water Asset Replacement Cost / Average Useful Life<sup>1</sup></b>	214,435
<b>C</b>	<b>Total Estimated Sustainable Annual Water User Fee Revenue (A+B)</b>	354,394
<b>D</b>	<b>Current Annual Water User Fee Revenue</b>	176,562
<b>E</b>	<b>Total Estimated Water User Fee Revenue Sustainability (D/C)</b>	49.8%
<b>F</b>	<b>+ Allocation of Overhead Costs</b>	40,024
<b>G</b>	<b>Total Upper Limit Water Sewer User Fee Revenue (C+F)</b>	394,418

1: estimated as asset management project is currently underway

Failure to increase water and sewer user fees to a sustainable level will result in higher life-cycle costs or reduced capital services. Unsustainable funding levels result in insufficient reserves when assets are due for replacement. This results in the need to fund via debt (thereby increasing the life cycle cost) or by reducing capital services. Furthermore, sustainable reserve contributions generate investment revenue that is used to reduce life cycle costs.

The Village may be able to pay for its capital asset replacement obligations over the next 10 years without using debt or grant revenues. However, as the assets begin to age, replacement obligations will become frequent and expensive. An equitable user fee model spreads replacement costs over the life of the assets. To achieve sustainable funding levels, the Village will need to effectively double its user fees over a selected period. For instance, should the Village wish to achieve sustainable funding within 10 years, an increase of \$25 to the sewer user fee and \$25 to the water user fee will need to occur each year.

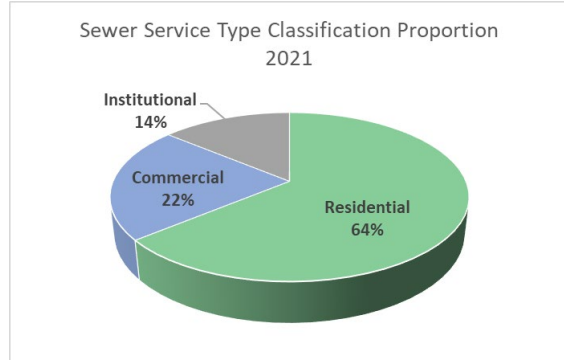
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Water User Fee	248	273	298	323	348	373	398	423	448	473	498
% Sustainability	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
Sewer User Fee	225	250	275	300	325	350	375	400	425	450	475
% Sustainability	47%	53%	58%	63%	68%	74%	79%	84%	89%	95%	100%



The estimated sustainable funding target may need to be refined once the Asset Management Plan Project is complete.

### 3.2. Fee Structure Findings

The current balance between residential and non-residential fees is appropriate and satisfies the ‘benefits conferred’ and ‘cost driver’ user fee equity principles. There is latitude for the Village to adjust current ratios should it desire. The fee ratios have been in place since at least 2014.



Approximately 64% of sewer user fee revenues were derived from residential property in 2021, with 22% from commercial property. Similarly, approximate 62% of water user fee revenues were derived from residential property in 2021, with 22% from commercial properties. See Appendix D for options to reduce or increase the commercial property funded proportion of annual utility user fee revenues.

### 3.3. Fee Survey Findings

FIT Consulting conducted a survey of 35 British Columbia municipalities and received completed responses from 12 municipalities. The survey work began on December 24, 2021 and concluded on January 13, 2022. It looked at municipalities with a population of less than 2,000 per the 2016 census who indicated they had user fees in the 2021 Local Government Data Entry system. Survey data was collected for residential properties only as non-residential properties are significantly more diverse and thus difficult to compare interjurisdictionally.

Survey results are often not an effective tool for setting user fees for several reasons:

1. **Service level differences:** municipalities are providing their citizens with various services at differing service levels. For instance, the Village does not currently have an advanced water filtration system, resulting in annual boil water advisories.
2. **Local economic conditions and cost drivers:** municipalities host a variety of varying economic factors which impact the cost of providing utility services.
3. **Degree of Asset Management maturity:** few BC municipalities have reached a level of asset management maturity to the degree that the asset replacement cost is being fully and sustainably funded resulting in artificially low user fees and property taxes.

Survey results are detailed in Appendix E and are summarized as follows:

<b>Average Residential Sewer User Fee</b>	\$306
<b>Median Residential Sewer User Fee</b>	\$295
<b>McBride 2021 Residential Sewer User Fee</b>	\$225
<b>Sustainable McBride Residential Sewer User Fee</b>	\$475

Average Residential Water User Fee	\$311
Median Residential Water User Fee	\$248
McBride 2021 Residential Water User Fee	\$248
Sustainable McBride Residential Water User Fee	\$498

**Important Note:** Six of the twelve respondents indicated that capital replacement for their utility infrastructure is not funded via their utility user fee. Approximately 58% of the Village’s current Sewer User Fee is for capital replacement funding. Approximately 21% of the Village’s current Water User Fee is for capital replacement funding. Despite this, the Village’s utility user fees are less than the survey average and median amounts. This demonstrates that the operational cost of the Village’s utilities appear to be cost effective.

## 4 Recommendations and Conclusions

### 1 Increase the water and sewer user fees to sustainable per tables in section 3.1 of this report.

This may be accomplished over many years to moderate the immediate impact to fee ratepayers. This course of action will have two distinct advantages:

1. This will result in capital reserve balances growing as assets depreciate. Investment income earned on these reserve balances can be used to reduce replacement costs.
2. Every generation of users will have access to approximately equal capital services for approximately equal cost. Conversely, failure to achieve sustainable funding will result in the financial burden for asset replacement being disproportionately concentrated at the end of an asset’s useful life.

### 2 Once a sustainable fee level has been established, increase annual reserve contributions indexed to capital construction cost increases.

Once the Village achieves sustainable funding levels, it should be careful to maintain these levels. Costs will continue to rise with natural cost escalation factors. The budget for reserve transfers should be indexed to cost escalation increases in order to maintain sustainable funding levels.

### 3 Increase water and sewer connection fees to recover full cost.

Though a review of the Village’s water and sewer connection fees was not in the scope of this review, it appears that the fee is likely not recovering full cost. If this is the case, the costs for such connections are being subsidized by user fee revenue.

FIT Consulting recommends that the connection fees be increased to full cost recovery. This can be accomplished by amending the bylaw to require customers to pay full cost for every application. This would require additional administrative work as the finance department would have to reconcile actual costs for each application.

The more cost-effective approach would be for a review to be conducted using several recent connections. The average cost could be used as the basis for a flat fee in the bylaw. When calculating the flat fee, the following costs should be estimated and included:

- Actual cost of materials,

- Actual labour costs including employee benefits (including the proportion cost of providing vacation, sick pay, statutory holiday and other leave),
- Actual vehicle and equipment costs including proportionate share of fuel, repairs, insurance, and depreciation, and
- A fair overhead allocation.

It is common for local governments to set different rates for different connection sizes and lateral depths as these variables directly impact the cost to connect the service.

#### **4 Continue to utilize a fixed-fee rate model for water and sewer utility fees**

The current fixed-fee rate model embodies the ‘benefits-conferred’ and ‘cost-driver’ equity principles well. A fixed-fee rate model is also the most cost effective and transparent rate model. A consumption or blended rate model would result in significant additional capital and operating costs including the cost:

- To purchase, install, and maintain water meters,
- To purchase, install, maintain water reading hardware and software,
- To conduct meter readings on at a reasonable interval, and
- For additional staffing for increased billing intervals, consumption disputes, and more complex billing procedures.

The Village would need to weigh these costs against the real or perceived benefit of a more precise ‘benefits-conferred’ (consumption based) rate model.

The Village may wish to utilize a blended consumption/fixed rate model for commercial, industrial, and institutional customers. These customer classes often have less predictable consumption patterns.

## APPENDIX A – Utility Fee Ratios

Table 3: Water Services Rate Ratios

Service Classification	2021 Rate	Ratio to Residential Rate <sup>1</sup>
Basic Residential <sup>2</sup>	247.67	1.0
Commercial <sup>3</sup>	281.46	1.1
Commercial with additional fee per fixture or other unit <sup>4</sup>	281.46 + rate per fixture/other unit	1.1
Vacant Residential	123.83	0.5
Vacant Commercial	140.73	0.6
Rural Residential (outside boundaries + per cabin rate)	434.81	1.75
Light Industrial	1,607.73	6.5
Heavy Industrial	3,215.46	13.0
Garage & Gasoline Stations	562.89	2.3
Restaurants >19 seats	511.70	2.1
Restaurants <20 seats	352.90	1.4
RCMP Station	511.70	2.1
Clinic	511.70	2.1
Liquor Primary	511.70	2.1
Liquor Primary + Kitchen	616.50	2.5
Coin Car Wash	681.90	2.75
Drive Through Car Wash	1,192.97	4.80
Recreation Centre	1,769.10	7.1

1: Does not include fees per fixture

2: Includes Basic Residential, Single Family Dwelling, Multi Family Dwelling per Unit, Apartments per Unit, Trailer Court,

3: Includes Basic Commercial, , Dental Parlours, Garages, Hospital per bed, Clinic, Bunk House, Schools per classroom, , Ambulance Station

4: Includes Barber Shops/Beauty Parlours Coin Operated Laundry, Rooming/Bunk House, Hotels/Motels/Cabins, Community Hall, Library/Museum, Church

Table 2: Sanitary Sewer Rate Ratios

Service Classification	2021 Rate	Ratio to Residential Rate <sup>1</sup>
Basic Residential <sup>2</sup>	225.29	1.0
Commercial <sup>3</sup>	271.05	1.2
Commercial with additional fee per fixture <sup>4</sup>	271.05 +85.49 per fixture	1.2
Laundromat with additional fee per machine	271.05	1.2
Vacant Residential	113.08	0.5
Vacant Commercial	135.53	0.6
Restaurants >19 seats	406.85	1.8
Restaurants <20 seats	323.49	1.4
Liquor Primary + Kitchen	467.88	2.1

1: Does not include fees per fixture

2: Includes Basic Residential, Single Family Dwelling, Multi Family Dwelling per Unit, Apartments per Unit, Trailer Court,

3: Includes Basic Commercial, Barber Shops/Beauty Parlours, Dental Parlours, Garages, Hospital per bed, Clinic, Bunk House, Schools per classroom, Car Wash, Ambulance Station

4: Includes Gasoline Stations, RCMP Station, Rooming/Bunk House, Hotels/Motels/Cabins, Recreation Centre, Community Hall, Library/Museum, Church

## APPENDIX B – ESTIMATED ASSET REPLACEMENT COSTS

Structure	Quantity	Recommended Useful Life <sup>1</sup>	Current Replacement Cost	Annualized Cost
Sewer Mains	10 kms	90 years	\$6,639,000	\$73,767
Sewer Forcemain	> 1km	100 years	485,000	4,850
Sanitary Sewer Laterals	306 ea	70 years	796,000	11,371
Manholes	104 ea	100 years	1,196,000	11,960
Lagoon Cells	4 ea	80 years	6,664,000	83,300
Sewer Treatment Woodlots	4 ea	80 years	2,539,000	31,738
Sludge Disposal Pit	1 ea	80 years	204,000	2,550
Wetland	1 ea	80 years	1,121,000	14,013
Lift Station	1 ea	5 years	920,000	18,400
<b>TOTAL SANITARY SEWER</b>			<b>\$20,564,000</b>	<b>\$251,949</b>

Structure	Quantity	Recommended Useful Life <sup>1</sup>	Current Replacement Cost	Annualized Cost
Water Mains	17 kms	90 years	\$9,735,000	\$108,167
Water Services	333 ea	70 years	1,169,000	16,700
Valves	106 ea	70 years	992,000	14,171
Hydrants	46 ea	70 years	562,000	8,029
Meters	80 ea	20 years	520,000	26,000
Water Intake (dam/settling tanks)	1 ea	30 years	361,000	12,033
Water Treatment Plant	1 ea	25 years	124,000	4,960
Reservoir	1 ea	80 years	1,950,000	24,375
<b>TOTAL WATER SERVICE</b>			<b>\$15,413,000</b>	<b>\$214,435</b>

1: As recommended by the National Asset Management Standards of Canada. The Village may choose more appropriate useful lives based on local conditions and service level risk appetite.

## APPENDIX C – SAMPLE OVERHEAD COST ALLOCATION

Overhead Cost	Total
General Government	405,000
Council Expenses	48,600
Legal	50,000
Insurance	60,000
Building Costs	63,400
Vehicle Costs <sup>1</sup>	40,050
<b>Total to Allocate</b>	<b>\$667,050</b>
Sewer Utility Allocation (6.3%) <sup>2</sup>	\$42,024
Water Utility Allocation (6.0%) <sup>2</sup>	\$40,024

1. Vehicle costs are not overhead costs as they can be directly allocated. Public Works vehicle costs are not currently being allocated to the utilities.

2. Allocated based on proportion of overall budget.

## APPENDIX D – COMMERCIAL TO RESIDENTIAL RATE RATIO MODELLING

Sewer Rate Modelling: Base Residential: \$225 Base Commercial: \$271 Base Residential/Commercial Ratio: 1.2	Reduce Commercial Rate by 25%	Reduce Commercial Rate by 10%	Reduce Commercial Rate by 5%	Increase Commercial Rate by 5%
Impact to Commercial Unit Rate (\$s)	-\$68	-\$27	-\$14	+\$14
Impact to Commercial Unit Rate (%)	-25%	-10%	-5%	+5%
Impact to Residential Unit Rate (\$)	+\$16	+\$6	+\$3	-\$3
Impact to Residential Unit Rate (%)	+7%	+3%	+1%	-1%

Water Rate Modelling: Base Residential: \$248 Base Commercial: \$281 Base Residential/Commercial Ratio: 1.1	Reduce Commercial Rate by 25%	Reduce Commercial Rate by 10%	Reduce Commercial Rate by 5%	Increase Commercial Rate by 5%
Impact to Commercial Unit Rate (\$s)	-\$70	-\$28	-\$14	+\$14
Impact to Commercial Unit Rate (%)	-25%	-10%	-5%	+5%
Impact to Residential Unit Rate (\$)	+\$14	+\$6	+\$3	+\$3
Impact to Residential Unit Rate (%)	+6%	+3%	+1%	+1%

## APPENDIX E – SURVEY RESULTS

Municipality	Population <sup>1, 2</sup>	Size (ha) <sup>2</sup>	Water User Fee	Sewer User Fee	Utility Capital Funding Source
100 Mile House	1,980	5,189	\$111	\$67	Grants, reserves
Fruitvale	1,920	271	n/a	\$421	Parcel tax
Gold River	1,212	1,051	\$245	\$350	Utility User Fee
Midway	649	1,209	\$230	\$230	Taxation
McBride	616	429	\$248	\$225	Utility User Fee
Montrose	996	135	\$367	\$467	Taxation
Nakusp	1,605	752	\$427	\$452	Utility User Fee
Port Edward	467	16,495	\$340	\$188	Taxation
Queen Charlotte	852	3,585	\$215	\$240	Frontage Tax
Sun Peaks	616	4,106	\$512	\$484	Utility User Fee
Telkwa	1,327	655	\$501	\$408	Utility User Fee
Tumbler Ridge	1,987	155,900	\$231	\$130	Unknown
<b>Average</b>			<b>\$311</b>	<b>\$306</b>	
<b>Median</b>			<b>\$248</b>	<b>\$295</b>	

1. Per 2016 Census

2. Source: Ministry of Community Sport and Cultural Development. (2021, November 24). Municipal General and financial statistics. Province of British Columbia. Retrieved December 24, 2021, from <https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/statistics/statistics>



## APPENDIX F – SCOPE OF WORK AND LIMITATIONS

### Purpose of Report

FIT Consulting as retained by the Village of McBride in December of 2021 to conduct a review of the Village's Fees and Charges Bylaw. In particular, FIT was asked to:

- Review the current fee structure for the water and sewer utilities,
- Conduct a survey of small, similar local governments.
- Determine if the Village was achieving full cost recovery in respect of its fees and charges,
- Provide recommendations for fee structure and rates.

### Methodology:

To conduct the review, FIT Consulting :

- Reviewed detailed general ledger reports as provided by the Chief Financial Officer (CFO),
- Reviewed utility billing account information provided by the CFO,
- Reviewed "Village of McBride Financial Plan for the Years 2021-2025 Bylaw No. 799.2021",
- Reviewed "Village of McBride Fees and Charges Bylaw No. 768.2017"
- Reviewed Corporate of the Village of McBride Asset Management AD-18 Policy,
- Reviewed relevant Village of McBride Council meeting minutes,
- Conducted a survey with 35 British Columbia municipalities who had a 2016 Census population of 2,000 or less; of this, 12 municipalities responded with sufficient information,
- Conducted multiple interviews with the Village's CFO and Operations Manager,
- Reviewed asset inventory data provided by the Village's appointed auditors,
- Reviewed asset inventory data provided by R. Radloff & Associates Inc

### Limitations

- **Net Present Value:** Costs are in net present value and do not include growth, upgrades or increased level of service. A
- **Capital Grants:** Forecasts do not include any potential conditional grants awarded by senior levels of government. Historically, senior governments have not offered many capital grants for the replacement of existing infrastructure.
- **Federal Gas Tax:** Federal gas tax proceeds have not been allocated to either the Water or Sewer utilities. An allocation of the proceeds would reduce the overall cost in the utilities but would create a corresponding increase in property taxation.
- **Accumulated Funding Deficits:** This report recommends achieving annual sustainable annual funding in the utility funds. Achieving this funding level would halt the continued accumulation of the unfunded implied asset replacement obligation. It will not, however, address historically accumulated funding gaps which will need to be addressed with either debt, capital service level reduction or grant funding.

## APPENDIX G – ACKNOWLEDGMENTS

This review was conducted by Christopher Paine, CPA, CGA, Principal, FIT Local Government Consulting and had substantial input from key Village departments. Specifically, the following consultants and departments provided essential data, information, feedback, and support:

- Sherri Flynn, Finance Coordinator/Administrative Assistant, Village of McBride
- Sandy Salt, Chief Financial Officer, Village of McBride
- John Peterson, Public Works Operations Manager, Village of McBride
- Ryan Burnett, CPA, CGA, Financial Consultant, FIT Local Government Consulting,
- Morello Communications, and
- David Franzmann, EIT, R. Radloff & Associates Inc